IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of:	Cole *et al.*	**Examiner:**	Coburn
Application No.:	09/904,061	**Group Art Unit:**	3714
Filing Date:	July 12, 2001	**Confirmation No.**	1903
Examiner's Answer Date:	May 9, 2007	**Docket No.**	83336.0640
Title: Method and Apparatus for Allowing Uninterrupted Gaming		**Customer No.**	30076

Mail Stop Appeal Brief - Patents
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

REPLY BRIEF

Dear Sir:

This Reply Brief is submitted, pursuant to 37 C.F.R. § 41.41, in response to the Examiner's Answer, mailed May 9, 2007.

Introduction

All of the Applicants' claims include the following two features that are not disclosed, taught, or suggested in Acres, U.S. Pat. No. 6,312,333, the primary reference relied upon by the Examiner: (1) the "no-lockup" feature, reflected in the limitation, "enabling the player to continue the reduced interruption gaming session, as desired … after the player wins credits over the threshold amount," and (2) the "full-payout" feature, reflected in the limitation, "paying out winnings over the threshold amount to a United States-taxable player immediately after the player wins credits over the threshold amount."

Typically, prior art gaming machines lock up after a player wins credits over a certain threshold amount so that a reporting of these "over the threshold winnings" can be produced. Such a reporting is required by federal tax law. Unfortunately, this lock up period can be

substantial in length, thus creating player frustration and reducing the length of the gaming session during which the casino usually is making money.[1]

The claimed invention generates this report of "over the threshold winnings" without the undesirable lock up period, thereby potentially increasing gaming session time and casino profits, while also minimizing player frustration. The claimed invention generates this report if the player-related information is on file. Player-related information is defined as the "information which is needed to report jackpots pursuant to the regulations of each taxing authority that has jurisdiction over the establishment." (Specification, p. 5, ll. 10-13, emphasis added).

Additionally, in some situations casinos withhold a certain percentage of winnings if the player wins credits over the certain threshold amount. These withholdings enable the casinos to ensure that the IRS receives taxes that are based on the player's winnings. However, the federal tax laws do not require backup withholdings if the winner furnishes a correct taxpayer identification number. By maintaining the player-related information on file, the casino is not required to backup withhold the winnings if the winnings are over the threshold amount.

As such, the claims of the present application call out storing the player-related information. By enabling reporting of winnings for the winning player who has provided the player-related information, the casino can allow the player to continue playing the gaming machine, immediately after winning an amount over the threshold amount, without locking-up the machine and without backup withholding a percentage of the winnings.

Acres Does Not Disclose the Claimed No-Lockup and Full-Payout Features

Interestingly, the Acres reference, heavily relied upon by the Examiner, (1) includes the undesirable lock up period for "over the threshold winnings" and (2) performs a withholding (in addition to the reporting) so that the player is paid out a reduced amount of the "over the threshold winnings." This withholding is also contrary to the claimed invention.

[1] The lock up period is not required by federal law.

(1) The Examiner asserted that Acres discloses "that if the IRS allows immediate payment, then the machine makes immediate payment of the amount won minus any withholding required (which in this case is zero)." (Examiner's Answer, p. 14, ll. 1-3). The Applicants agree that Acres discloses a zero withholdings scenario: "[i]f the award does not exceed the threshold, then the bonus amount is awarded in full." (Acres, 6:4-9, emphasis added). However, Acres only identifies that no money is withheld when the players winnings are under the threshold jackpot (Appeal Brief, p. 8, l. 7 – p. 9, l. 1, emphasis in original), as further shown below.

(2) The Examiner asserted that "Acres teaches immediate payment of the full amount (assuming that no withholding is required) with no interruption of the play by locking the machine." (Examiner's Answer, p. 14, ll. 20-21). However, if Acres's "award exceeds a preestablished threshold such as the $1200 W2-G threshold set by the IRS (step 84), then the machine locks up (step 86) to prevent play of the primary game and award of the bonus." (Acres, 6:4-7, emphasis added). Locking up the machine is inapposite to continuing reduced interruption gaming. Consequently, Acres discloses a zero withholdings scenario—when the winnings are under the threshold amount. By contrast, when the *claimed* winnings are over the threshold amount, the United States-taxable player is immediately paid the winnings, achieving a reduced interruption gaming session. Therefore, Acres does not anticipate or render obvious any of the appealed claims.

Still, the Examiner declared that the Applicants' "device does not always commit a felony, though apparently, it may do so since the claims do not mention checking to see if the taxpayer ID is on file." (Examiner's Answer, p. 12, ll. 19-20). This accusation has no merit as claims 1-47 require storing player-related information, in full compliance with the law.

It is respectfully asserted that from the beginning, the Examiner has diverted attention from the issues before the Board by asserting, "[t]his case is about whether the prior art teaches withholding taxes from winnings above a certain threshold." (Examiner's Answer, p. 12, ll. 11-12). However, "[i]t is a 'bedrock principle' of patent law that 'the claims of a patent define the invention.'"[2] Nonetheless, the Examiner declared that the Applicants' "inventive concept is …

[2] *Phillips v. AWH Corp.*, 75 USPQ2d 1321, 1325 (Fed. Cir. 2005, en banc).

[a] slot machine [that] pays the full amount of winnings without any withholding." (Examiner's Answer, p. 12, ll. 12-13, emphasis added). As has been described above, this is not an accurate description of the Applicants' invention. The Applicants' invention recites "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount" and "enabling the player to continue the reduced interruption gaming session, as desired." In contrast to the Examiner's assertion, the Applicants' invention is defined by the words of claims 1-47.

Claims 11-19, 22-25, 27-33, 35-44, and 47 are not anticipated by Acres:

Of central importance, claims 11-19, 22-25, 27-33, 35-44, and 47 include the limitation, enabling the player "to continue the reduced interruption gaming session" after the player wins moneys "over the threshold amount." Acres's failure to disclose (either expressly or inherently), teach, or suggest this limitation is dispositive on its own. The Applicants have supported this averment via thorough analysis in every amendment of record and in the Appeal Brief at p. 8, ll. 12 – p. 10, ll. 3. Nevertheless, the Examiner avowed that "this is an overwhelming case ... that Acres does not withhold taxes if the IRS does not require taxes to be withheld." (Examiner's Answer, p. 15, ll. 16-17). However, as has been described, this statement is only true for the Acres device when the player wins money under the threshold amount. As such, the Examiner, attempted to rebut the Applicants' arguments by propounding the following:

> (1) Applicants admit the quotation of Acres, at 6:59-63, "[t]he payment amount is determined by the amount won and the withholding amount if any. If a withholding amount is specified, it is deducted from the amount to be paid." (Examiner's Answer, p. 13, ll. 8-11);
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> (2) Applicants "ignore[] Acres' [*sic*] disclosure that if the IRS allows immediate payment, then the machine makes immediate payment of the amount won minus any withholding required (which in this case is zero)." (Examiner's Answer, p. 14, ll. 1-3);
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> (3) "Acres teaches immediate payment of the full amount (assuming that no withholding is required) with no interruption of the play by locking the machine." (Examiner's Answer, p. 14, ll. 20-21); and
>
> (4) "Acres teaches reducing the winnings by the amount required by the IRS. If the IRS does not require reduction in the amount, then full payment would be made." (Examiner's Answer, p. 15, ll. 1-3).

Repeatedly, the Appellants have explained that Acres only identifies that no money is withheld when the players winnings are under the threshold jackpot (Appeal Brief, p. 8, l. 7 – p. 9, l. 1, emphasis in original). Foremost, Acres's "under the threshold jackpot" and the claimed "over the threshold amount" are mutually exclusive. Furthermore, if Acres's award exceeds a preestablished threshold, the winnings are reduced for withholdings. By contrast, when the *claimed* winnings are over the threshold amount, the United States-taxable player is immediately paid the winnings, achieving a reduced interruption gaming session. Accordingly, Acres does not disclose (either expressly or inherently), teach, or suggest each and every limitation of claims 11-19, 22-25, 27-33, 35-44, and 47. Indeed, Acres actually teaches away from the claimed invention.

Therefore, it is respectfully requested that the Examiner's rejection be reversed.

Claims 1, 2, and 4-10 are not obvious over Bell in view of Acres:

Paramount here as well, Bell in view of Acres does not disclose (either expressly or inherently), teach, or suggest either of the claimed limitations, "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount" and "enabling the player to continue the reduced interruption gaming session, as desired." In like manner, the Applicants have supported this averment via thorough analysis in every amendment of record and in the Appeal Brief at p. 10, l. 4 – p. 11, l. 9.

Notably, the Examiner did not attempt to rebut the Bell related arguments. As such, it appears that the Examiner conceded that Bell does not disclose, teach, or suggest the disputed limitations. Nonetheless, the Examiner set forth three reasons why Acres allegedly discloses these limitations:

> (1) "Examiner agrees, but relies on Acres to make up this deficiency." (Examiner's Answer, p. 16, l. 3);
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> (2) "Examiner relies on Acres to teach immediate payment of the full jackpot amount to US citizens – under those circumstances where the IRS does not require withholding." (Examiner's Answer, p. 16, ll. 8-10); and
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> (3) "Acres does teach immediate payment of the full jackpot amount to US

citizens – under those circumstances where the IRS does not require withholding." (Examiner's Answer, p. 16, ll. 12-14).

In response to the Examiner's supplementary reliance on Acres, the Applicants have shown in their arguments regarding claims 11-19, 22-25, 27-33, 35-44, and 47 that Acres does not disclose (either expressly or inherently), teach, or suggest, either of the claimed limitations, "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount" and "enabling the player to continue the reduced interruption gaming session, as desired."

Even though the Examiner stated that "one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references," the Applicants have extensively shown that both Acres and Bell, individually and in combination, fail to disclose (either expressly or inherently), teach, or suggest each and every limitation of claims 1, 2, and 4-10.

Therefore, it is respectfully requested that the rejection be reversed.

Claim 3 is not obvious over Bell and Acres as applied to claim 1, and further in view of Bergeron, and further in view of Pease:

With regard to claim 1, Bell in view of Acres does not disclose (either expressly or inherently), teach, or suggest either of the claimed limitations, "enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount" and "enabling the player to continue the reduced interruption gaming session, as desired." In like manner, the Applicants have supported this averment via thorough analysis in every amendment of record and in the Appeal Brief at p. 10, l. 4 – p. 11, l. 9.

Notably, the Examiner did not attempt to rebut the Bell related arguments. As such, it appears that the Examiner conceded that Bell does not disclose, teach, or suggest the disputed limitations. In response to the Examiner's supplementary reliance on Acres, the Applicants have shown in their arguments regarding claims 11-19, 22-25, 27-33, 35-44, and 47 that Acres does not disclose (either expressly or inherently), teach, or suggest, either of the claimed limitations,

"enabling paying out winnings over the threshold amount via a hopper pay-out to the United States-taxable player immediately after the player wins credits over the threshold amount" and "enabling the player to continue the reduced interruption gaming session, as desired."

Even though the Examiner stated that "one cannot show nonobviousness by attacking references individually where the rejections are based on combinations of references," the Applicants have extensively shown that both Acres and Bell, individually and in combination, fail to disclose (either expressly or inherently), teach, or suggest each and every limitation of claim 1.

The Examiner is correct in identifying the inadvertent omission of the word "Acres" in the Appeal Brief at p. 11, ll. 12-20. As such, the Applicants now assert the previously intended argument:

The Examiner asserted that Bell in view of Acres teaches the invention substantially as claimed, but does not teach inserting an agent card or selecting uninterrupted play from a menu. The Examiner further asserted that Bergeron teaches insertion of an agent card for the purpose of enhancing security and that Pease teaches a menu-driven system. In short, the deficiencies of Bell in view of Acres are succinctly described in the arguments relating to claim 1. In turn, claim 1 is not obvious over Bell in view of Acres. Moreover, the Examiner has not proffered any detail, and in fact none exists, as to how Bergeron or Pease overcome the deficiencies of Bell in view of Acres with regard to claim 1. Claim 3 is not obvious over Bell in view of Acres, and further in view of Bergeron, and further in view of Pease, at least by virtue of its dependence from claim 1.

Therefore, it is respectfully requested that the Examiner's rejection be reversed.

Claims 20, 21, 26, 34, 45, and 46 are not obvious over Acres as applied to claim 19, 24, 33 or 44 (if applicable) in view of Bergeron, and further in view of Pease:

Of central importance, claims 19, 24, 33, and 44 include the limitation, enabling the player "to continue the reduced interruption gaming session" after the player wins moneys "over the threshold amount." Acres's failure to disclose (either expressly or inherently), teach, or suggest this limitation is dispositive on its own. The Applicants have supported this averment

via thorough analysis in every amendment of record and in the Appeal Brief at p. 8, ll. 12 – p. 10, ll. 3. Nevertheless, the Examiner avowed that "this is an overwhelming case ... that Acres does not withhold taxes if the IRS does not require taxes to be withheld." (Examiner's Answer, p. 15, ll. 16-17). However, as has been described, this statement is only true for the Acres device when the player wins money under the threshold amount.

Repeatedly, the Appellants have explained that Acres only identifies that no money is withheld when the players winnings are under the threshold jackpot (Appeal Brief, p. 8, l. 7 – p. 9, l. 1, emphasis in original). Foremost, Acres's "under the threshold jackpot" and the claimed "over the threshold amount" are mutually exclusive. Furthermore, if Acres's award exceeds a preestablished threshold, the winnings are reduced for withholdings. By contrast, when the *claimed* winnings are over the threshold amount, the United States-taxable player is immediately paid the winnings, achieving a reduced interruption gaming session (i.e., without the undesirable "lock-up" period). Accordingly, Acres does not disclose (either expressly or inherently), teach, or suggest each and every limitation of claims 19, 24, 33, and 44.

Claims 20, 21, 26, 34, 45, and 46 are patentable over Acres at least by virtue of ther respective dependence from claims 19, 24, 33, and 44. Furthermore, claims 20, 21, 26, 34, 45, and 46 are patentable over Acres in view of Bergeron, and further in view of Pease because there is nothing in Bergeron or Pease which overcomes the shortcomings of Acres.

Therefore, it is respectfully requested that the Examiner's rejection be reversed.

CONCLUSION

Fundamentally, "[a]n object of [Acres's] invention [is] to allow winnings adjusted for any tax laws to be credited directly to the gaming machines." (Acres, 1:59-61, emphasis added). In short, if Acres's award exceeds a preestablished threshold, the winnings are reduced for withholdings.

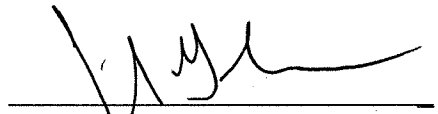
By contrast, when the *claimed* winnings are over the threshold amount, the United States-taxable player is immediately paid the winnings, achieving a reduced interruption gaming

session (i.e., without the undesirable "lock-up" period). Consequently, Acres does not give credence to the Examiner's rejections.

Respectfully, the Applicants request that the Examiner's rejections be reversed.

Respectfully submitted,

Date: July 9, 2007



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